

Financing Solutions for U.S. Exporters

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Exporting is not just for large businesses. In fact, small and medium size companies account for 30% of merchandise exports from the United States. There are certain issues that must be addressed when exporting, one of which is financing. The SBA has developed specialized loan programs for exporters to support greater numbers of small businesses in their overseas sales.

Export Express

Does your company need funding for foreign market development strategies? Are you wondering how to fund a promising trade mission overseas? SBA has the answer with SBA **Export Express**. This loan guarantee program helps small businesses that have exporting potential, but need funds to cover the initial costs of entering an export market, to buy or produce goods, and/or to provide services, for export. Export Express has the flexibility to use loan proceeds for most business purposes, both domestic and international, including expansion, equipment purchases, working capital, inventory or real estate acquisitions. Loan proceeds may also be used to help finance such items as participation in overseas trade shows or trade missions, standard certifications (i.e. CE Mark & ISO 9000) and modifications of a company's website to accommodate export transactions.

Program Requirements

In addition to meeting the normal requirements for an SBA business loan guaranty, applicants must demonstrate that the loan proceeds will enable them to enter a new export market or expand an existing export market. However, the loan does not have to be used solely for export development. The company must have been in business operation, though not necessarily in exporting, for at least 12 months.

Where Do I Go To Apply?

Any bank participating in the SBA *Express* loan program may also use Export *Express*. A list of authorized lenders can be obtained by contacting your local SBA Office in Montpelier, Vermont, or by checking the SBA website: www.sba.gov/vt

Under the SBA Export *Express* program, a lender uses streamlined and expedited loan review and approval procedures to process SBA guaranteed loans to ensure that all loan applications are processed quickly. SBA allows the lenders to use their own loan analyses, procedures and documentation. Quick turn-around is assured by centralized processing at SBA's national processing center, providing the lender a response within 36 hours.

The SBA Guaranty

New for this year only: The SBA loan guaranty (50% on a domestic SBA Express loan) is now increased to a 90% guaranty for export-related loans! This has just been raised as part of the federal government economic stimulus bill. In addition, the usual SBA guaranty fee has been completely eliminated for loans with over one-year maturity. The objective is to encourage lenders to make loans to small business exporters when they would not do so on their own. Loans with an Export *Express* guaranty can be as much as \$250,000.

Other Financing Programs

The **Export Working Capital Program (EWCP)** allows the SBA to provide lenders with an export line of credit up to \$2 million with a 90% guaranty! The SBA guaranty fee has also been eliminated for loans with over one-year maturity as part of the federal government economic stimulus bill.

The EWCP is a line of credit that provides contract financing for export sales. It can be used for a single transaction or as a revolving line of credit for multiple export sales. Here are some of the key features of the Export Working Capital Program:

- Covers 100% of your costs up-front for export orders including labor, material, overhead, the purchase of goods for resale or the delivery of services.
- Solves cash flow problems by getting you through longer payment cycles often required for foreign orders.
- Provides purchase order financing for a single transaction or multiple sales under a revolving line of credit.
- Supports stand-by letters of credit by requiring only 25% collateral when needed as performance bonds.
- Provides SBA's highest guaranty to a bank (90%).

Technical Assistance

Small business exporters face unique problems and challenges and there are many very valuable resources available to help meet those challenges and succeed internationally. In addition to the loan guarantees described above, SBA is a partner in the U.S. Export Assistance Centers network throughout the country. This combines SBA's financing assistance with the very extensive resources available from the Commercial Service of the U.S. Department of Commerce (with offices in over 80 countries) and the Export Import Bank of the United States. Other business resources include the Vermont Small Business Development Center Network and SCORE. In addition, Vermont small business exporters are fortunate to have added assistance available through the Vermont Global Trade Partnership: globaltrade@thinkvermont.com